

August 30, 2019

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
PO Box 2319  
2300 Yonge Street  
Toronto ON M4P 1E4

Dear Ms. Walli

**Re: InnPower Corporation Application for Rates – OEB File Number EB-2019-0047**

Pursuant to the incomplete letter received on August 21, 2019, InnPower Corporation is submitting its responses to the incomplete items.

InnPower Corporation has addressed the following areas identified by OEB Staff:

- Providing additional information in regards to InnPower's Global Adjustment (GA) settlement process as per Chapter 3 filing requirements
- Providing additional information in regards to InnPower's treatment of Account 1588 as per Chapter 3 filing requirements
- Providing Certification sign-off in regards to accounts balances being disposed of as per the certification requirements in Chapter 1 of the filing requirements
- Providing additional information in regards to the February 21, 2019 OEB letter on Accounting Guidance related to Accounts 1588 Power and 1589 RSVA Global Adjustment
- Submitting Appendix A GA Methodology Description Questions on Accounts 1588 & 1589

If you have any additional questions or requests please do not hesitate to contact me.

Yours truly,



Glen McAllister, B.Sc., CPA, CMA  
Interim CFO

1. A distributor must support its GA claims with a description of its settlement process with the IESO or host distributor. The description in the application does not include the following:

- The GA prices the distributor uses to bill (and record unbilled entries) to its various customer classes (i.e. 1st estimate, 2nd estimate or actual). As part of this description, the distributor shall confirm that the GA rate that is used is applied consistently for all billing and unbilled revenue transactions for non-RPP Class B customers in each customer class. In addition, where the same GA rate is not used for non-RPP Class B customers in all customer classes, the distributor shall explain what GA rate is applied to each customer class

InnPower Response

- 1<sup>st</sup> estimate is used for billed and unbilled revenue transactions for all non-RPP Class B customers in each customer class.
- Treatment of volumes related to embedded generation or embedded distribution customers

InnPower Response

- Actual metered data for the month is used for the submission of embedded generation volumes.
- Distributor's internal control tests, if any, in validating estimated and actual consumption figures used in RPP settlement process and subsequent true-up adjustments.

InnPower Response

- For estimates, IPC utilizes reasonability tests for data submissions used in RPP settlement. Comparisons are made month-to-month and year-over-year to determine reasonability in estimated consumption data. Additionally, comparisons are made to AQEW data.
- For subsequent true-ups, comparisons are made month-to-month and year-over-year with actual billing data to determine reasonability

2. For Account 1588 – disclose the nature, timing and dollar impact of any subsequent adjustments recorded after the reporting period that adjust the initial transactions from preliminary estimates to actual figures based on consumption data.

InnPower Response

In prior years, IPC did not conduct a true up on the initial recording of CT 148 in accounts 1589. In the past, the IESO invoice was split into 1588 and 1589. Although

The set-up of the entry will depend on whether the allocations are under or over estimated.

### **Subsequent Adjustments Recorded**

IPC has since corrected the 1588 and 1589 balances, which is reflected in the disposal requests for 2015, 2016, 2017 and 2018. The adjustment amounts were determined utilizing the calculation noted above (2. i.-iv.).

The following accounting adjustment entries were made on December 31, 2018:

Account		Debit	Credit
1.00.1588.800.000		26,295.70	
1.00.1589.800.000			26,295.70
To adjust 2015 GA allocation from estimates to actuals			
1.00.1588.800.000		414,246.07	
1.00.1589.800.000			414,246.07
To adjust 2016 GA allocation from estimates to actuals			
1.00.1588.800.000		509,306.36	
1.00.1589.800.000			509,306.36
To adjust 2017 GA allocation from estimates to actuals			
1.00.1588.800.000		1,008,804.75	
1.00.1589.800.000			1,008,804.75
To adjust 2018 GA allocation from estimates to actuals			

3. Certification by the Chief Executive Officer (CEO), or Chief Financial Officer (CFO), or equivalent that the distributor has robust processes and internal controls in place for the preparation, review, verification and oversight of the account balances being disposed, consistent with the certification requirements in Chapter 1 of the filing requirements.

#### **InnPower Response**

##### **Commodity Accounts 1588 and 1589 (3.2.5.3)**

InnPower Corporation confirms that it follows the OEB's letter dated May 23, 2017 – Guidance on the Disposition of Accounts 1588 and 1589:

- RPP settlement true-up claims are conducted monthly;
- The balances in InnPower's RSVA Power (1588) and Global Adjustment (1589) variance accounts that are requested for disposition reflect RPP

- RPP settlement true-ups will be performed on a monthly basis, instead of quarterly.
- Non-RPP GA true-ups will be performed on a monthly basis.

After review, it was determined that IPC did not conduct a true up on the initial recording of CT 148 in accounts 1589. As such, the balances in the 1589 account were overstated.

Subsequent adjustments were made on December 31, 2018 (as noted above) to correct the balances for 2015, 2016, 2017 and 2018.

A monthly non-RPP GA true-up will be performed to ensure preliminary estimates are adjusted to actuals.